GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1135
ANSWERED ON:24.11.2000
EXPORT OF TEA TO RUSSIA
MOHAMMED SHAHABUDDIN

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Indian tea export to Russia has been adversely affected during the last few months due to huge discriminatory difference between the wholesale and packed tea import structure;

(b) whether the businessmen of some countries stationed at Russia have been importing tea on wholesale basis in Russia and the same tea is packaged and sold in the local market for which they are paying only five percent import duty;

(c) if so, whether Indian tea exporters have no such facilities there and are forced to pay 15% import duty on the packed tea exported from our country;

(d) if so, whether this issue was raised with the Russian President during his visit to India;

(e) if so, the outcome thereof; and

(f) if not, the effective steps being taken by the Government to solve this problem?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI OMAR ABDULLAH)

(a) to (c) : No Sir. Indian Tea is exported to Russia mainly in the form of bulk tea, packet teas and tea bags. A very small quantity of instant tea is also exported to Russia. Since 1998, Russia has been imposing import duty of 5% on tea in bulk form and an import duty of 20% on tea in packet form. On account of the duty differential between bulk tea and packet tea, many Russian importers have started setting up blending and packaging factories within Russia to take advantage of the lower import duty on bulk teas. There has been a marginal decline in export of tea from India during the current year as compared to the previous year. The total quantity of tea exported during April to August, 2000 was 34.45 mn. kgs as compared to 35.23 mn.kgs. during the corresponding period of 1999.

(d) (e) & (f) : Yes Sir. The Russian side has agreed to consider the matter. The Govt. of India is also following up this matter.